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Message Text

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ACTION AGRE-00

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DEPT PASS AGRICULTURE/FAS FOR MANNION

E.O. 11652: N/A
TAGS: AGR, HU
SUBJECT: STATUS HUNGARIAN CATTLE BREEDING PROGRAM 1976/77

REF: (A) VIENNA 10159 (B) VIENNA 10482

1. SUMMARY. THERE IS NO CHANGE IN HUNGARIAN CATTLE BREEDING PROGRAM. SPECIALIZATION CONTINUES BUT EMPHASIS IS PLACED ON MILK RATHER THAN ON MEAT PRODUCTION. IMPORTATION OF CATTLE AND BREEDING MATERIAL OF DAIRY TYPE SHOULD CONTINUE TO RAISE MILK PRODUCTION FROM CURRENT 2,700 KG. A YEAR PER COW TO 3,600 KG. BY 1980. END SUMMARY.

2. ON JAN. 13, 1977, AGATT MET ZELENKA OF TERIMPEX, RESPONSIBLE FOR IMPORTATION OF BREEDING CATTLE, AND WITH SZALECZKY OF CENTER OF STATE FARM, RESPONSIBLE FOR MANAGING BREEDING PROGRAM ON STATE FARMS (PLEASE PROTECT BOTH). FOLLOWING POINTS EMERGED FROM THESE DISCUSSIONS.

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3. IN 1976 HUNGARY IMPORTED A TOTAL OF ABOUT 6,000 HEAD OF BREADING CATTLE (DAIRY). SOME 2,000 HOLSTEIN FRIESIANS CAME FROM U.S. AND CANADA AND ABOUT 2,000 BLACK AND WHITES EACH FROM HOLLAND AND WEST GERMANY. ROUTHLY TWO-THIRDS OF NORTH AMERICAN PURCHASES REPRESENTED U.S. HOLSTEIN FRIESIANS. LAST YEAR'S HUNGARIAN CATTLE PURCHASES REPRESENTED A SHARP CHANGE IN SOURCE FROM EARLIER YEARS WHEN U.S. DOMINATED HUNGARIAN

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CATTLE IMPORTS.

4. MAJOR REASON FOR FALL IN U.S. SHARE OF HUNGARIAN IMPORTS IS PRICE. EC HEIFERS OF BLACK AND WHITES CAN BE BOUGHT ON THE FARMS FOR AROUND $1000 A HEAD. BY TIME EC SUBSIDY IS PAID EUROPEAN CATTLE CAN BE DELIVERED CIF BUDAPEST AT $640 PER HEAD. IN CONTRAST U.S. HEIFERS HAVE A CIF BUDAPEST PRICE TAG OF $1,700 PLUS TEN PERCENT PENALTY DUTY. THIS DIFFERENCE IN PRICE MAY EVEN GROW IN 1977. CHARGES FOR CHARTER PLANES REPORTEDLY WILL BE INCREASED 15 PERCENT.

5. BOTH ZELENKA AND SZALECZKY POINTED OUT EC CATTLE ARE SO CHEAP THAT DESPITE THEIR LOWER MILKIRIELD IN COMPARISON WITH U.S. SISTERS, PRICE IS REAL BARGAIN.
THEY ACKNOWLEDGED U.S. HOLSTEIN FRIESIANS SUPERIOR IN EVERY RESPECT AND CAN EXPECT 6,000 KG. ANNUAL MILK YIELD. IN CONTRAST EC BLACK AND WHITES YIELD ONLY BETWEEN 4,000 TO 5,000 KG. MILK A YEAR. HOWEVER EVEN THIS LOWER YIELD SURPASSES SUBSTANTIALLY AVERAGE YIELD OF HUNGARIAN COWS WHICH NOW STAND AROUND 2,700 KG. MILK PER YEAR.

6. MOST HUNGARIAN DAIRY FARMS STILL PREFER TO BUY HIGHER PRICED U.S. HOLSTEIN FRIESIANS TO IMPROVE PERFORMANCE OF THEIR DAIRY HERDS. THIS PREFERENCE IS NOT ONLY BECAUSE OF SUPERIOR PERFORMANCE BUT MANY BELIEVE U.S. DAIRY CATTLE BETTER ADAPTED TO MECHANIZED LARGE SCALE DAIRY PRODUCTION. HOWEVER, ECONOMIC AND MONETARY CONSIDERATIONS (LIMITED HARD CURRENCY) OFTEN TILTS THE SCALE IN FAVOR OF PURCHASES OF LOW PRICED EC CATTLE.
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7. WHILE IN NUMBERS NORTH AMERICAN CATTLE IMPORTS REPRESENTED ONLY ABOUT ONE-THIRD OF TOTAL IN 1976, IN VALUE IT CAME TO ABOUT 50 PERCENT. LAST YEAR HUNGARY BOUGHT SEVERAL HIGH PRICED BULLS AND SEVERAL THOUSAND LOTS OF SEMEN FROM U.S.

8. AS FOR 1977 CATTLE IMPORT PLANS ARE NOT YET FINAL. NEVERTHELESS, THERE IS INDICATION THAT PRICES MAY REMAIN FOR A WHILE AS THEY WERE IN 1976. WITH NO CHANGE IN PRICES HUNGARY MAY AGAIN BUY ROUGHLY THE 5,000 TO 6,000 DAIRY CATTLE ABROAD FROM SAME SOURCES AS IN 1976.

9. ACCORDING TO SZALECZKY, THERE IS ABSOLUTELY NO CHANGE IN HUNGARIAN CATTLE BREEDING PROGRAM. GREAT EMPHASIS IS PLACED ON RAISING MILK PRODUCTION AND THIS CAN BE ATTAINED ONLY THROUGH CONTINUED CROSS BREEDING OF LOCAL CATTLE WITH IMPORTED DAIRY BREEDING MATERIAL. BEEF PRODUCTION ON THE OTHER HAND SHOULD BE DE-EMPHASIZED IN VIEW OF CONTINUED ACCESS PROBELEMS TO EC BEEF MARKETS.

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10. COMMENT. HUNGARY WILL CONTINUE ITS DAIRY IMPROVEMENT PROGRAM THROUGH IMPORTATION OF CATTLE AND SEMEN. HOWEVER GIVEN THE HEAVY SUBSIDIES EC PAYS ON CATTLE EXPORTS, OUTLOOK FOR LARGE SCALE U.S. SHIPMENTS OF HOLSTEIN FRIESIANS TO HUNGARY DURING 1977 IS NOT BRIGHT. AT THIS TIME IT IS ENVISAGED THAT HUNGARY MAY BUY ONLY BETWEEN 1,000 TO 1,500 HEAD OF U.S. HOLSTEIN FRIESIANS DURING 1977.

11. AGATT HAS NO OBJECTION IF ABOVE DISSEMINATED AMONG U.S. CATTLE EXPORT INTERESTS. HOWEVER, SOURCE OF INFORMATION SHOULD NOT BE DISCLOSED.BUCHANAN

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